

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

EXPERIMENTAL RATE AND SERVICE CHANGES  
TO IMPLEMENT NEGOTIATED SERVICE AGREEMENT  
WITH CAPITAL ONE SERVICES, INC.

Docket No. MC2002-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CRUM  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA,  
REDIRECTED FROM WITNESS PLUNKETT  
(NAA/USPS-T2-2, 4)

The United States Postal Service hereby provides its responses to the following interrogatories of Newspaper Association of America: NAA/USPS-T2-2 and 4, filed on October 17, 2002. The interrogatories are redirected from witness Plunkett.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Nan K. McKenzie

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October 28, 2002

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CRUM  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA  
REDIRECTED FROM WITNESS PLUNKETT

**NAA/USPS-T2-2:** Please refer to page 5, lines 4-5 of your testimony, where you state that the total net contribution increase estimated by witness Crum would equal "approximately 2 percent of Capital One's First-class Mail revenue."

- a. Please confirm that Capital One's First-class Mail revenue is approximately \$ 410 million. If you cannot confirm, please provide the correct figure and the correct percentage that \$8.2 million is of Capital One's First-class mail revenue.
- b. Is it your testimony that Capital One will pay an additional \$8.2 million in contribution if the NSA were implemented?

**Response:**

- a. I am not able to confirm, in part, because no time period is stated. Please refer to Attachment A, page 1 of my (USPS-T-3) testimony. The Capital One Presorted First-Class Mail revenue shown there is about \$335 million.  
 $8.2 / 335 = 2$  percent (rounded). Please note that based on the test year forecast of volume provided by Capital One, its Presorted First-Class Mail test year revenue will be higher than the FY 2001-based data presented in Attachment A. However, the ratio described by witness Plunkett would still be "approximately 2 percent".
- b. Confirmed that my testimony estimates an additional \$8.2 million in contribution in the test year.

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**NAA/USPS-T2-4:** Please refer to page 3, lines 20-22, of your testimony, where you state that because "the cost of returning mail pieces is much greater than the electronic address correction fee, the Postal Service reduces its overall cost of serving Capital One even if the fee is waived." Is the cost of physically returning mail pieces greater than the fee for electronic correction?

**Response:**

Yes. The cost of physically returning mail pieces as shown on page 1 of library reference USPS-LR-MC2002-2/1 is 53.47 cents. The electronic address correction fee is 20 cents as shown in Fee Schedule 911.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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Nan K. McKenzie

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